

## **AB304 Testimony**

**Thank you Mr. Chairman and members of the committee.**

**Reed McGinn representing DOT. I'm here to provide information on Assembly Bill 304.**

### **BILL SUMMARY**

- Currently, trailers not over 12,000 pounds pay a registration fee of \$104.50. Trailers not more than 16,000 pounds pay a registration fee of \$283.00.
- This bill creates a registration weight category for trailers weighing more than 12,000 pounds but not more than 14,000 pounds.
- Currently, trailers registered at a weight above 12,000 pounds are registered for the same fee as a motor truck of the same weight. This proposal creates an additional trailer weight below 16,000 pounds that pays one-half the corresponding truck fee at that weight.
- Under the proposal, trailers weighing no more than 14,000 would pay an annual registration fee of \$123.

### **Costs to DMV for implementation:**

The creation of a new weight category for trailer plates will require a projected \$5,600 for programming costs. Establishing an initial plate inventory will require an additional \$200, for total one-time program start-up costs of \$5,800.

### **Revenue impact**

As far as revenue, it is difficult to anticipate exactly how many trailers will be re-registered and if they will move up or down in weight. However because of the fee structure, the impact of moving down in registered weight has a significantly higher effect than the reverse.

### **Example:**

Moving from a 12,000 pound trailer plate costing \$104.50 to a proposed 14,000 pound plate costing \$123 would result in a revenue gain of \$18.50.

However, moving from a 16,000 pound trailer plate costing \$283 to a 14,000 pound plate costing \$123 would result in a revenue loss of \$160 per plate. It is the opinion of the program area that customers wishing to operate at 14,000 pounds will more likely already be currently registered at 16,000 pounds.

**Using these projections, if 25% of current 12,000 pound trailer plates moved to a 14,000 pound plate:**

$$16,757 * .25 = 4,189$$

$$4,189 * \$18.50 = \text{That would result in } \sim \$77,500 \text{ revenue gain.}$$

**And if 50% moved from 16,000 pound plate to 14,000 pound plate:**

$$5,584 * .5 = 2,792$$

$$2,792 * \$160 = \text{That would result in } \sim \$446,500 \text{ revenue loss.}$$

**This would result in a projected net revenue loss of approximately \$369,000**

**I would like to note that DOT is working with the author of the Bill to make the legislation revenue-neutral, and believe that the legislation can readily be changed to minimize the cost impacts.**

**Thank you for the opportunity to discuss these issues.**

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**Statistics and other information:**

**Current trailer registration levels:**

12000 pounds: 16,757

16000 pounds: 5,584

**Trailer Registration costs:**

12000 pounds: \$104.50

14000 pounds: \$123.00 (proposed)

16000 pounds: \$283.00

**Revenue impact of re-registering:**

Moving up (12K to 14K): \$18.50 revenue gain

Moving down (16K to 14K): \$160 revenue loss

**The plates are embossed with the alpha character designating the weight category, followed by sequential numbers.**